

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 AID-05 CIAE-00 COME-00  
EB-08 FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 L-03 H-02 DODE-00 PA-02 DOE-15  
SOE-02 CTME-00 /127 W  
-----101678 081528Z /46

R 072042Z JUN 78  
FM AMCONSUL MONTREAL  
TO SECSTATE WASHDC 605  
AMEMBASSY OTTAWA  
AMCONSUL QUEBEC

UNCLAS MONTREAL 1142

E.O. 11652: NA  
TAGS: ECON, PINT, CA  
SUBJECT: DEBATE OVER GOVERNMENT'S AID TO TEXTILE PLANT

1. PROVINCIAL GOVERNMENT'S DECISION TO GRANT DOLS 1.1. MILLION SUBSIDY TO TRICOFIL, A WORKER-OWNED TEXTILE PLANT IN QUEBEC, HAS TOUCHED OFF NEW POLITICAL DEBATE IN QUEBEC'S NATIONAL ASSEMBLY. DEBATE REVOLVES AROUND ECONOMIC JUSTIFICATION FOR PROVIDING PUBLIC SUPPORT TO AN INEFFICIENT INDUSTRY IN QUEBEC'S DECLINING TEXTILE SECTOR, AND MANNER IN WHICH GOVERNMENT'S DECISION WAS REACHED, WITH EARLIER DECISION TO DENY SUBSIDY APPARENTLY REVERSED WHEN CONSUMER AFFAIRS MINISTER LISE PAYETTE THREATENED TO RESIGN FROM CABINET OVER ISSUE.

2. TRICOFIL PLANT HAS FREQUENTLY BEEN IN NEWS SINCE IT WAS ESTABLISHED IN 1975, WHEN EMPLOYEES FORMED A COOPERATIVE TO TAKE OVER PRIVATE PLANT THAT WAS CLOSING DUE TO FINANCIAL DIFFICULTIES. SINCE THEN, GOVERNMENT HAS PERIODICALLY BEEN SUMMONED TO AID OF TRICOFIL, WITH RESULT THAT LATEST SUBSIDY BRINGS GOVERNMENT FINANCIAL INPUT OVER LAST THREE YEARS TO TOTAL OF DOLS 2.5 MILLION. LAST YEAR, INDUSTRY AND COMMERCE MINISTER RODRIGUE TREMBLAY  
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ANNOUNCED THAT TRICOFIL HAD RECEIVED ITS LAST SUBSIDY FROM GOVERNMENT AND THAT FIRM WOULD HAVE TO STAND ON ITS OWN FEET.

3. IN JUSTIFYING NEW SUBSIDY, WHICH APPARENTLY WAS OPPOSED BY MANY MEMBERS OF CABINET, MINISTER OF STATE FOR SOCIAL DEVELOPMENT PIERRE MAROIS ANNOUNCED THAT FUNDS WOULD BE USED FOR EXPANSION WHICH WAS NECESSARY IF TRICOFIL WAS EVER TO BECOME VIABLE ENTER-

PRISE. IN PREVIOUS CABINET MEETING, MAROIS HAD EVIDENTLY NOT BEEN ABLE TO PERSUADE MEMBERS TO SUPPORT SUBSIDY, AND IT WAS APPARENTLY ONLY WITH RETURN OF PAYETTE, WHO HAD BEEN PERFORMING FUNERAL DUTIES ELSEWHERE IN PROVINCE, THAT DECISION WAS REVERSED.

4. COMMENT: TO LARGE EXTENT, TRICOFIL FLAP MAY BE VIEWED AS MICROCOSM OF PROBLEMS FACING PQ, WITH DIVERGENCE BETWEEN ECONOMIC AND SOCIAL AIMS, AND SPLIT ALONG SIMILAR LINES IN CABINET. IN THIS INSTANCE, WITH FUNDS COMING FROM MINISTER MAROIS' COMMUNITY JOB CREATION PROGRAM, SOCIAL OBJECTIVES PREVAILED. BUT PROBLEM OF EQUITY REMAINS, AS LOCAL INDUSTRIES EMPLOYING FAR LARGER NUMBERS OF PEOPLE IN OTHER SMALL TOWNS HAVE BEEN DENIED GOVERNMENT RELIEF AND HAVE SUBSEQUENTLY FAILED. GOVERNMENT'S OBJECTIVITY IN CASE OF TRICOFIL IS PARTICULARLY SUSPECT AS BOTH PAYETTE AND MAROIS HAVE BEEN CLOSELY ASSOCIATED WITH WORKERS COOPERATIVE MOVEMENT AT TRICOFIL SINCE ITS BEGINNING IN 1975. EDITORIAL IN LA PRESSE EXCORIATING GOVERNMENT SAW HANDS OF CLERGY, ACADEMICS, COOPERATIVE SAVINGS MOVEMENT, AND SOCIAL REFORMERS BEHIND GOVERNMENT DECISION AND CALLED FOR A CHANGE IN GOVERNMENT'S ATTITUDE OR A CHANGE IN GOVERNMENT. IRRITATION ON PART OF OPPOSITION WAS EVIDENCED BY INTERVENTION OF ONE DEPUTY WHO QUESTIONED WHETHER ANY MINISTER WAS WORTH DOLS 1 MILLION IN PUBLIC FUNDS. AS TO FUTURE OF TRICOFIL, BETTING IS THAT GOVERNMENT HAS POURED GOOD MONEY AFTER BAD.  
HARPER

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TEXTILES, ECONOMIC ASSISTANCE, DEBATES, INDUSTRIAL PLANTS  
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**Decaption Date:** 01 jan 1960  
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**Type:** TE  
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